

Message Text

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E.O. 11652: GDS

TAGS: PGOV, PINT, ENRG, EINV, VE

SUBJECT: VISIT OF OCCIDENTAL PETROLEUM PRESIDENT TO VENEZUELA

REF: A) STATE 233075; B) STATE 102694

SUMMARY. OCCIDENTAL PETROLEUM PRESIDENT JOSEPH BAIRD MET WITH AMBASSADOR TO REQUEST ASSISTANCE IN ARRANGING MEETING WITH GOV OFFICIALS TO REOPEN DISCUSSION ON COMPENSATION OF NATIONALIZED INVESTMENTS. MEETING SUBSEQUENTLY ARRANGED FOR BAIRD WITH MINISTER OF MINES HERNANDEZ WHICH BAIRD REPORTED WAS CORDIAN, WITH MINISTER PROMISING TO RELAY INFORMATION TO PRESIDENT AND SEEK APPOINTMENT FOR BAIRD LATER WITH PRESIDENT. END SUMMARY.

1. JOSEPH BAIRD, PRESIDENT OF OCCIDENTAL PETROLEUM, CALLED ON AMBASSADOR SEPTEMBER 22. HE WAS ACCOMPANIED BY JOHN ALDEN, OCCIDENTAL'S ASSOCIATE GENERAL COUNSEL AND CARLOS BULLOS, A LOCAL REPRESENTATIVE OF THE COMPANY.

2. AFTER REVIEWING OCCIDENTAL'S ACTIVITIES IN VENEZUELA UP TO A YEAR AGO WHEN BRIBERY CHARGES RESULTED IN GOV BREAKING OFF COMPENSATION DISCUSSIONS, BAIRD EXPLAINED THAT CURRENT VISIT WAS AN ATTEMPT TO CLEAR COMPANY'S NAME IN VENEZUELA AND TO REOPEN TALKS AIMED AT OBTAINING AMICABLE SETTLEMENT FOR
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NATIONALIZED INVESTMENT. HE EMPHASIZED THAT OCCIDENTAL

WOULD PREFER SETTLEMENT ALLOWING IT TO CONTINUE TO OPERATE IN VENEZUELA, POSSIBLY UNDER A TECHNICAL ASSISTANCE OR MARKETING AGREEMENT, OR THROUGH INVESTMENTS IN CHEMICALS AND PETROCHEMICALS.

3. BAIR PROVIDED EMBASSY WITH COPIES OF DOCUMENTS HE WISHED TO DELIVER PERSONALLY TO PRESIDENT PEREZ, MINISTER OF MINES HERNANDEZ, ATTORNEY GENERAL, AND LOCAL JUDGES PRESIDING OVER COURT CASES AFFECTING FORMER EMPLOYEES OF AND CONTRACTORS FOR OCCIDENTAL. HE EXPLAINED THAT SINCE LAST OCTOBER, WHEN PRESIDENT HAD DIRECTED THAT COMPENSATION TALKS WITH OCCIDENTAL BE SUSPENDED, THE COMPANY HAS BEEN UNABLE TO GET APPOINTMENTS WITH ANYONE IN THE GOV. THEREFORE, HE ASKED AMBASSADOR'S ASSISTANCE IN OBTAINING A INITIAL MEETING WITH PRESIDENT PEREZ. HE SAID HE HAD ARRIVED IN VENEZUELA WITH NO APPOINTMENTS AND HAD NO MEANS OTHER THAN EMBASSY TO APPROACH GOV. HIS LOCAL ADVISERS HAD CONVINCED HIM THAT THE INITIAL APPROACH HAD TO BE MADE TO THE PRESIDENT, RATHER THAN TO MINISTER HERNANDEZ. WHILE QUESTIONING BAIRD'S NEED TO MEET THE PRESIDENT FIRST, AMBASSADOR AGREED TO SEEK APPOINTMENT AS REQUESTED.

4. PRESIDENT'S OFFICE WAS UNABLE TO ARRANGE APPOINTMENT FOR BAIRD AND SUGGESTED HE SEE MINISTER OF MINES. BAIRD AGREED AND MET WITH MINISTER AFTERNOON OF SEPTEMBER 24. HE LATER ADVISED EMBASSY HE WAS RECEIVED VERY POLITELY BY MINISTER, WHO PROMISED TO DELIVER DOCUMENTS ADDRESSED TO PRESIDENT PEREZ, AND REQUEST APPOINTMENT FOR BAIRD WITH PRESIDENT. MINISTER ALSO AGREED TO SEEK APPOINTMENT FOR BAIRD WITH ATTORNEY GENERAL, AND WILL ADVISE BAIRD DIRECTLY OF RESULTS. BAIRD LEFT VENEZUELA SEPTEMBER 25.

5. COMMENT: TIMING OF OCCIDENTAL'S RENEWED EFFORTS TO OBTAIN COMPENSATION FOR LOCAL INVESTMENT APPARENTLY DUE IN PART TO PRESSURE ON COMPANY FROM CLASS ACTION SUITS PENDING IN U.S. COURTS, WHICH BAIRD SAID WERE FORCING COMPANY TO SHOW DUE DILIGENCE IN OBTAINING CONFIDENTIAL

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LOCAL SETTLEMENT. AT NO TIME, HOWEVER, DID HE REFER TO NEED TO SEEK SEIZURE OF VENEZUELAN ASSETS ABROAD. HE ALSO DID NOT STATE SPECIFIC AMOUNT OF COMPENSATION SOUGHT, BUT IN EARLIER DISCUSSIONS WITH DEPARTMENT (REF B) ANOTHER OCCIDENTAL OFFICIAL HAD INDICATED COMPENSATION NOT SOUGHT FOR FULL \$73 MILLION INVESTED.

6. BAIRD SEEMED PLEASED WITH MEETING WITH MINISTER

OF MINES, AND WE ASSUME THAT FACT THAT MEETING TOOK
PLACE MEANS THAT PRESIDENT PEREZ HAS NOW LIFTED
WHATEVER BAN MAY HAVE BEEN IMPOSED UP TO NOW ON
GOV CONTACTS WITH OCCIDENTAL. BAIRD ALSO DID NOT
SEEM PARTICULARLY SURPRISED OR DISAPPOINTED THAT
PERSONAL MEETING WITH PRESIDENT COULD NOT BE ARRANGED.
END COMMENT.
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